

## **COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT**

### **August 2006**

#### Summary

Collections in the Commonwealth Transportation Fund declined by 5.5 percent in August. The expected drop in motor vehicle sales tax collections due to the comparison with August 2005 drove down collections this month. Year-to-date collections are up 4.8 percent. However, adjusting for the impact of the termination of the Accelerated Sales Tax (AST) program, annual collections are down 3.4 percent.

#### Motor Fuels Tax (excluding PTF Fuels Tax Revenue)

Motor fuels tax collections fell by 1.2 percent in August. Through the first two months of fiscal year 2007, collections are down 8.5 percent. August began with a surge in oil prices, as BP Oil Company announced a reduction in oil production from Alaska's Prudhoe Bay. However, August ended with falling oil prices, led by the earlier-than-expected seasonal decline in gasoline prices. The average retail price of regular motor gasoline fell from \$3.04 per gallon on August 7, 2006, to \$2.62 per gallon on September 11, 2006, and is expected to fall to an average of \$2.55 per gallon in January 2007 before rising again into next summer.

#### Motor Vehicle Sales and Use Tax

Collections in this source fell by 14.8 percent in August. This was to be expected due to the comparison with last August when motor vehicle sales tax collections were the highest in history.

Nationally, August's weaker vehicle sales are a result of a multitude of negative pressures on consumers. These include slower employment growth, weakening housing markets, increasing expenditure on energy and the combination of high debt burdens and rising interest rates. U.S. vehicle sales are expected to be weaker than in 2005. A pace of about 16.7 million units is considered a trend pace, consistent with underlying demographics. However, sales are expected to fall below trend through the remainder of the year and into next year and weakening affordability, high energy prices, rising debt service burden and a weaker pace of economic growth constrain demand. In addition, due to the copious incentive spending of recent years, there has been a bit of pull ahead buying. Now that conditions are less auspicious for consumers, automakers are seeing a payback.

### State Retail Sales Tax

The transportation portion of the state retail sales tax fell by 3.0 percent in August. Growth through August is at 46.6 percent due to the termination of the Accelerated Sales Tax program.

### Motor Vehicle Licenses

Motor vehicle registration fee collections declined by 8.7 percent in August.

**Commonwealth of Virginia/Department of Accounts**  
**Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues**  
**Summary Statement of Revenue Estimates & Collections**  
**For the Fiscal Years 2006 and 2007**  
**(Dollars in Thousands)**

Revenue	FY 2007 Estimate	As a % of Total Fund	August			Year-To-Date			% Annual Growth Required By Estimate
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	
Motor Fuel Taxes	\$869,900	22.09	\$78,880	\$79,852	(1.2)	\$80,405	\$87,898	(8.5)	(0.1)
Priority Transportation Fund	20,000	0.51	0	0	-	0	0	-	0.0
Motor Vehicle Sales and Use Tax	652,600	16.57	59,304	69,582	(14.8)	111,120	122,079	(9.0)	3.8
State Sales and Use Tax	520,400	13.21	42,055	43,377	(3.0)	87,202	59,574	46.4	9.3
Motor Vehicle License Fees	170,700	4.33	16,834	18,429	(8.7)	31,158	30,313	2.8	0.8
International Registration Plan	60,800	1.55	5,798	3,430	69.0	9,465	4,687	101.9	0.4
Interest Earnings	25,300	0.64	0	11	(100.0)	45	15	200.0	(34.5)
Misc. Taxes, Fees, and Revenues	<u>23,300</u>	<u>0.59</u>	<u>2,326</u>	<u>2,564</u>	<u>(9.3)</u>	<u>4,482</u>	<u>4,523</u>	<u>(0.9)</u>	<u>(27.2)</u>
Total State Taxes and Fees	<u>\$2,343,000</u>	<u>59.49</u>	<u>\$205,197</u>	<u>\$217,245</u>	<u>(5.5)</u>	<u>\$323,877</u>	<u>\$309,089</u>	<u>4.8</u>	<u>2.1</u>

# Percentage is greater than or equal to 1,000%.

Commonwealth of Virginia/Department of Accounts  
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues  
Statement of Revenue Estimates & Collections  
For the Fiscal Years 2006 and 2007  
(Dollars in Thousands)

Revenue	FY 2007 Estimate	As a % of Total Fund	August			Year-To-Date			% Annual Growth Required By Est
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>									
Motor Fuel Taxes (Includes Road Tax)	\$746,400	18.95	\$69,240	\$69,586	(0.5)	\$68,469	\$76,383	(10.4)	(0.7)
Motor Vehicle Sales and Use Tax	404,100	10.26	36,644	44,710	(18.0)	68,453	78,306	(12.6)	3.6
Motor Vehicle License Fees	149,200	3.79	14,724	16,164	(8.9)	27,229	26,487	2.8	0.6
International Registration Plan	60,800	1.55	5,798	3,430	69.0	9,465	4,687	101.9	0.4
Misc. Taxes, Fees, and Revenues	23,300	0.59	2,326	2,564	(9.3)	4,482	4,523	(0.9)	(27.2)
<b>Total State Taxes and Fees</b>	<b>\$1,383,800</b>	<b>35.14</b>	<b>\$128,732</b>	<b>\$136,454</b>	<b>(5.7)</b>	<b>\$178,098</b>	<b>\$190,386</b>	<b>(6.5)</b>	<b>0.1</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$0	0.00	\$2,488	\$4,701	(47.1)	\$3,658	\$6,722	(45.6)	(100.0)
<b>Transfer (to) / from Transportation Trust Fund</b>	<b>286,303</b>	<b>7.27</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>100,000</b>	<b>186,199</b>	<b>(46.3)</b>	<b>53.8</b>
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$1,670,103</b>	<b>42.41</b>	<b>\$131,220</b>	<b>\$141,155</b>	<b>(7.0)</b>	<b>\$281,756</b>	<b>\$383,307</b>	<b>(26.5)</b>	<b>4.0</b>
<b>TRANSPORTATION TRUST FUND:</b>									
Motor Fuel Taxes									
(Includes Aviation & Road Taxes)	\$123,500	3.14	\$9,640	\$10,266	(6.1)	\$11,936	\$11,515	3.7	4.3
Priority Transportation Fund	20,000	0.51	0	0	-	0	0	-	0.0
Motor Vehicle Sales and Use Tax									
(Includes Rental Tax)	248,500	6.31	22,660	24,872	(8.9)	42,667	43,773	(2.5)	4.2
State Sales and Use Tax	520,400	13.21	42,055	43,377	(3.0)	87,202	59,574	46.4	9.3
Motor Vehicle License Fees	21,500	0.54	2,110	2,265	(6.8)	3,929	3,826	2.7	2.1
Interest Earnings	25,300	0.64	0	11	(100.0)	45	15	200.0	(34.5)
<b>Total State Taxes and Fees</b>	<b>\$959,200</b>	<b>24.35</b>	<b>\$76,465</b>	<b>\$80,791</b>	<b>(5.4)</b>	<b>\$145,779</b>	<b>\$118,703</b>	<b>22.8</b>	<b>5.1</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$1,354,852	34.40	\$60,601	\$23,902	153.5	\$117,687	\$57,914	103.2	181.8
Receipts from Cities/Counties	125,272	3.18	3,157	4,995	(36.8)	5,653	8,843	(36.1)	156.5
Toll Revenues (Includes Route 28)	96,447	2.45	7,351	7,209	2.0	13,724	12,986	5.7	(15.0)
Miscellaneous Revenues	18,717	0.48	2,712	3,692	(26.5)	3,743	4,737	(21.0)	(15.0)
<b>Total Other Revenues</b>	<b>\$1,595,288</b>	<b>40.51</b>	<b>\$73,821</b>	<b>\$39,798</b>	<b>85.5</b>	<b>\$140,807</b>	<b>\$84,480</b>	<b>66.7</b>	<b>139.9</b>
<b>Transfer (to) / from Highway Maintenance and Operating Fund</b>	<b>(\$286,303)</b>	<b>(7.27)</b>	<b>\$0</b>	<b>\$0</b>	<b>-</b>	<b>(\$100,000)</b>	<b>(\$186,199)</b>	<b>46.3</b>	<b>(53.8)</b>
<b>Total Transportation Trust Fund</b>	<b>\$2,268,185</b>	<b>57.59</b>	<b>\$150,286</b>	<b>\$120,589</b>	<b>24.6</b>	<b>\$186,586</b>	<b>\$16,984</b>	<b>998.6</b>	<b>63.0</b>
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>	<b>\$3,938,288</b>	<b>100.00</b>	<b>\$281,506</b>	<b>\$261,744</b>	<b>7.6</b>	<b>\$468,342</b>	<b>\$400,291</b>	<b>17.0</b>	<b>31.3</b>

# Percentage is greater than or equal to 1,000%.